

Senate File 2228 - Reprinted

SENATE FILE 2228

BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO SSB 3078)

(As Amended and Passed by the Senate March 2, 2016)

A BILL FOR

1 An Act relating to the activities of motor vehicle dealers,
2 including the electronic submission of applications for
3 motor vehicle registration and issuance of certificates of
4 title, the furnishing of surety bonds, and the assessment of
5 documentary fees, and making a penalty applicable.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.20, subsections 2 and 3, Code 2016,
2 are amended to read as follows:

3 2. Notwithstanding contrary provisions of this chapter
4 or chapter 326 regarding titling and registration by means
5 other than electronic means, the department ~~may~~ shall, by
6 January 1, 2018, develop and implement a program to allow for
7 electronic applications, titling, registering, and ~~electronic~~
8 ~~funds transfer~~ transfers for vehicles subject to registration
9 in order to improve the efficiency and timeliness of the
10 processes and to reduce costs for all parties involved. The
11 program shall also provide for the electronic submission of any
12 statement required by this section, except where prohibited by
13 federal law.

14 3. The department shall adopt rules on the method for
15 providing signatures for applications and statements required
16 by this section that are made by electronic means.

17 Sec. 2. Section 321.20, Code 2016, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 4. Notwithstanding this section or any
20 other provision of law to the contrary, if the program required
21 by subsection 2 is not implemented by January 1, 2018, an owner
22 of a vehicle subject to registration may apply to the county
23 treasurer of a county contiguous to the county designated for
24 the owner under subsection 1 for registration and issuance of
25 a certificate of title.

26 Sec. 3. Section 322.4, subsection 1, paragraph g, Code 2016,
27 is amended to read as follows:

28 g. Before the issuance of a motor vehicle dealer's license
29 to a dealer engaged in the sale of vehicles for which a
30 certificate of title is required under chapter 321, or the
31 issuance of a temporary permit under section 322.5, subsection
32 6, paragraph "b", the applicant shall furnish a surety bond
33 executed by the applicant as principal and executed by a
34 corporate surety company, licensed and qualified to do business
35 within this state, which bond shall run to the state of Iowa,

1 be in the amount of ~~fifty~~ seventy-five thousand dollars and
2 be conditioned upon the faithful compliance by the applicant
3 as a dealer with all of the statutes of this state regulating
4 or applicable to the business of a dealer in motor vehicles,
5 and indemnifying any person who buys a motor vehicle from the
6 dealer from any loss or damage occasioned by the failure of the
7 dealer to comply with any of the provisions of [chapter 321](#) and
8 this chapter, including but not limited to the furnishing of
9 a proper and valid certificate of title to the motor vehicle
10 involved in a transaction. The bond shall also indemnify any
11 motor vehicle purchaser from any loss or damage caused by the
12 failure of the dealer to comply with the odometer requirements
13 in [section 321.71](#), regardless of whether the motor vehicle was
14 purchased directly from the dealer. The bond shall be filed
15 with the department prior to the issuance of a license or
16 permit. The aggregate liability of the surety, however, shall
17 not exceed the amount of the bond.

18 Sec. 4. NEW SECTION. **322.19A Documentary fee.**

19 1. For purposes of this section, "*documentary fee*" means a
20 fee that may be charged to a customer by a motor vehicle dealer
21 for the preparation of documents related to an application for
22 motor vehicle registration and an application for issuance of
23 a certificate of title, and the performance of other related
24 services for the customer. "*Documentary fee*" does not include
25 any costs or fees charged to a motor vehicle dealer or a
26 dealer's customer by a third party.

27 2. A motor vehicle dealer may charge a documentary fee not
28 to exceed one hundred eighty dollars for each motor vehicle
29 sold in a transaction.

30 3. After the department has implemented a statewide
31 program pursuant to section 321.20, subsection 2, the maximum
32 documentary fee permitted by subsection 2 shall be reduced by
33 twenty-five dollars.

34 4. A motor vehicle dealer who charges a documentary fee
35 to a customer shall include the fee in the price of the motor

1 vehicle. The dealer shall disclose the full amount of the fee
2 in any price of a motor vehicle advertised by the dealer and
3 when making or accepting an offer to sell a motor vehicle. The
4 dealer shall provide the following notice to the customer,
5 which notice shall be included in any retail installment
6 contract with the customer:

7 DOCUMENTARY FEE. A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE.
8 A DOCUMENTARY FEE IS NOT REQUIRED BY LAW, BUT MAY BE CHARGED TO
9 A BUYER FOR THE PREPARATION OF DOCUMENTS AND THE PERFORMANCE OF
10 RELATED SERVICES. THE MAXIMUM AMOUNT THAT MAY BE CHARGED FOR
11 A DOCUMENTARY FEE IS DETERMINED BY IOWA CODE SECTION 322.19A.
12 THIS NOTICE IS REQUIRED BY LAW.

13 5. A violation of this section is an unlawful practice under
14 section 714.16.